complaint

Mrs S, who is represented by a claims management company (CMC), complains that she was mis-sold an endowment savings plan by The Prudential Assurance Company Limited.

background

In 1999 Mrs S, who was in her early 30s married with two children met with an adviser from the business. She took out the policy with a sum assured of £12,056, a term of 23 years and a premium of £50. Household disposable income was £640 and her attitude was recorded as medium and her objective was shown as *"savings*."

The CMC made a complaint to the business which rejected it. It said the fact find showed on more than one occasion that Mrs S' priority was for savings in the lead up to her retirement. It also showed that she had pension arrangements in force albeit not through an occupational arrangement and did not wish to discuss this further. This showed that retirement provision was not her major concern. Also she was unclear exactly when she would like to retire as a band of ages was given of 55-60.

There was a shortfall in life cover highlighted. Mrs S suggested this was her main priority as she has indicated this as number one when compared to what the adviser suggested. The policy chosen provides for this.

Her complaint was brought to this service and was investigated by one of our adjudicators who didn't recommend that it be upheld. He considered the policy to have been suitable for Mrs S in terms of her circumstances, objectives and attitude to risk. He said that whilst there may have been other suitable products that the adviser could have recommended instead this did not make the recommendation of this policy unsuitable.

The CMC didn't agree and said it didn't consider the best advice was given because the product sold was not the best for the needs expressed by the consumer. The fact find is clear that Mrs S wished to save for her retirement. An adviser is obliged to provide "suitable advice" he is not obliged to "sell" any product. If more suitable products are available they should be considered and their redeeming and detracting factors clearly disclosed.

When establishing client needs their personal circumstances including tax status should be established and any advice provided should complement it. Whilst the adviser would have considered any "needs highlighted by Mrs S" this does not absolve him from addressing any more pressing needs that Mrs S did not consider.

Life cover was already in place and the need for a further 23 years protection wasn't evident. Had Mrs S been informed of the newly introduced government sponsored ISA and its tax advantages she would have undertaken its more flexible and less inherently expensive proposition. The adviser also appears not to have recorded why the tax efficiency of a pension was discounted. It also considered that the advice was unsuitable for the consumer's acknowledged retirement needs.

As no agreement has been reached in this case, it now falls to me to come to a final decision.

my findings

I’ve considered all the available evidence and arguments to decide what’s fair and reasonable in the circumstances of this complaint.

I note that the fact find is not a model of clarity, but I believe it makes it sufficiently clear that Mrs S’s main objective was to save in the relatively long term. It notes that she “*specifically wants to save over a 23 year term as she plans to retire in her mid to late fifties.”* At the same time she declined any advice on pension provision and makes it clear that her prime aim is savings.

I appreciate the CMC’s point about the need for holistic advice, but if a customer doesn’t wish to take advice on a particular area the adviser cannot make them do so. I am satisfied that Mrs S didn’t want pension advice and did want advice on savings.

It is not my role to use hindsight to determine which of the possible products the adviser could have recommended has been the most successful. I have to determine if the advice given was suitable in the light of Mrs S’s circumstances at the time.

I agree with the adjudicator that the policy was entirely suitable. It offered a sum assured to be paid whenever death occurred and regular savings with a maturity value (including the sum assured and any bonuses) in the event Mrs S survived to the maturity date.

While I have some sympathy with the arguments put forward by the CMC I conclude that, on balance, the advice was suitable.

my final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mrs S to accept or reject my decision before 28 December 2016.

Ivor Graham
ombudsman